

February 24, 2014

To: Members of the Judiciary Committee

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway

Re: H.B. No. 5215 AN ACT CONCERNING ADOPTION OF THE CONNECTICUT
UNIFORM POWER OF ATTORNEY ACT

Banks receive power of attorneys (POAs) on a daily basis and have to review, validate, accept or reject them on behalf of their customers. Those customers count on the bank's thorough verification of POA's to protect their accounts, which is a key part of a bank's fiduciary responsibility.

In today's banking world, there is an ever present concern about fraud against our depositors, particularly when it's targeted at our older customers, which are the most frequent grantors of POAs. Bankers with direct customer contact responsibilities have to carefully review and verify the validity of the POA when presented. On the one hand, the banks want to assist the customer's agent in carrying out their financial duties, but on the other hand – the bank has to protect the customers' accounts from fraud or abuse, which many times can be very difficult to detect.

We have concerns that the proposed bill would set forth a new and complex statutory scheme requiring significant legal and compliance responsibilities for banks. These new requirements would necessitate extensive training for all bank employees that have direct customer contact (thousands of employees). Importantly, it would potentially create new compliance and legal traps for banks - in the event that we did not accept a POA (Line 464 appears to be an invitation to sue – potentially creating frivolous law suits).

While the proposed bill attempts to encourage banks to accept POAs in appropriate circumstances, it then appears to potentially punish those same banks if they don't accept a POA, even when there is suspected fraud. We would suggest a safe harbor for banks and an extended effective date to allow for training and implementation of this new statutory scheme.

We would look forward to working with the Committee and proponents of the bill to explore a reduction of liability and compliance burden.